



the technical analyst

AWARDS 2012

FINALIST BEST INDEPENDENT RESEARCH HOUSE



## SUMMARY

## POSITIONS

- + S&P (NEW)
- + Gold (NEW)
- +
- +
- +

# Key Trade Round Up 5th September 2012

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# Summary

## SUMMARY

## POSITIONS

+ S&P (NEW)

+ Gold (NEW)

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**LONG Sep 12 S&P @ 1409.50. Stop 1365. Take Profit @1570**

**LONG Oct 12 Gold @ 1660. Stop @1611. Take profit @1770**



## (1) TECHNICAL LONG Sep 12 S&P @ 1409.50. Stop 1365. Take Profit @1570

### SUMMARY

#### Positions

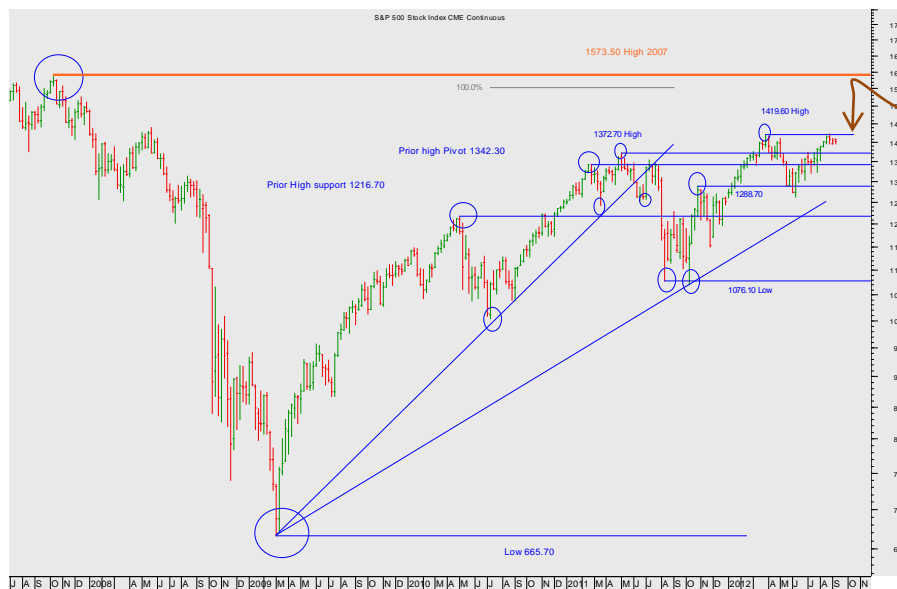
+ S&P (NEW)

+ Gold (NEW)

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**WEEKLY continuation chart.**

The market is pausing at the Prior High 1419.



### Daily Chart

The pause and drift of the last few days looks impressively resilient.

Stop remains a good way beneath at 1365. we are fresh buyers on a break up through 1419.

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## (1) FUNDAMENTAL LONG Sep 12 S&P @ 1409.50. Stop 1365. Take Profit @1570

The S&P drifted lower last week and continues to this, as traders weighed up a week of weakening data against expectations of what Bernanke would say in his key note speech Friday last.

In the event he largely repeated the message from the recent FOMC minutes, indicating the Fed's willingness to act further. But with problems still evident in the Euro zone and China traders took a step back, allowing the market to drift.

Looking ahead there are several key releases due this week which we expect to maintain the slow growth rate seen over much of this year in fact the ISM manufacturing Survey was weaker than expected for a 3<sup>rd</sup> straight month.

With the non-farm payroll report due on Friday, traders will have an opportunity to gauge when the Fed might next act, since Bernanke made much of the stubborn unemployment rate, that could be at the up coming September FOMC meeting.

We judge traders should remain long of the S&P, as a 3<sup>rd</sup> round of QE could well be on a larger scale than anticipated offering support to this market.



(1) TECHNICAL LONG Oct 12 Gold @ 1660. Stop @ 1611. Take profit @ 1770.

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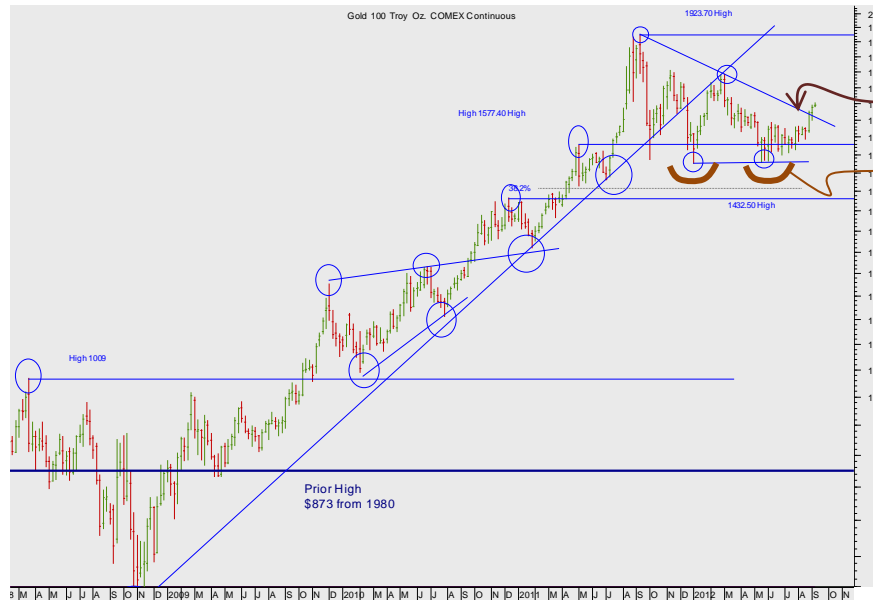
+ S&P (NEW)

+ Gold

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### Weekly Chart continuation:

The rally is powerfully set up ... The prior high 1577 has held, and the triangle looks set to forge ahead.

### Daily Chart Oct 12:

The drive up through the successive Prior Highs, in particular the 1644 High has created massive support for the incipient bull trend.

Note how the support held when the market fell back.

Now the diagonal has broken.

The Fibonacci may be a slight resistance, but should be overcome.

Stops remain at 1611.



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**(1) FUNDAMENTAL LONG Oct 12 Gold @ 1660. Stop @1611. Take profit @1770.**

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Last week we emerged from the side lines of the Gold market and went long ahead of a key note speech from Fed chairman Bernanke that we expected would re-state the Fed's concern about the US economy, recommit to taking further policy action as necessary and thus undermine the Dollar.

In the event the Dollar held up well, but Bernanke repeated the FOMC minutes message and unless data suddenly shows unexpected strength over the next 10 days further easing can not be ruled out as early as the September meeting.

Moreover with other key economic areas having troubles of their own; the Euro zone and China, Gold did indeed rally and we judge it can extend the rally further.

In summary hold the trade.



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### SEVEN DAYS AHEAD

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